

FISCAL NOTE

SB 750 - HB 914

February 25, 2005

SUMMARY OF BILL: Makes appropriations for the purpose of distributing state surplus revenue (beginning with any surplus for FY09) to the various counties based on population. Requires each county to redistribute its allocated share by applying it as a tax credit to each parcel of property within the county based on the ratio of taxes generated by the parcel for the previous tax year to the total real property taxes generated by the county levy for the previous tax year.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Less than \$100,000*

Other Fiscal Impact – The decrease to state government revenues will be determined by the extent of the revenue surplus in FY09 and each subsequent fiscal year thereafter. A state revenue surplus may exceed \$100 million for FY05 based on estimates made in January, 2004. If the revenue surplus in FY09 or any year thereafter exceeds \$100 million, the decrease in state revenues would exceed \$100 million.

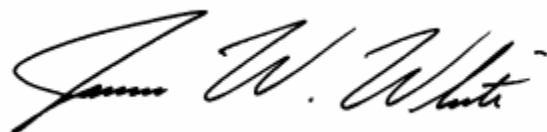
Assumptions:

- The State Funding Board determines the amount of surplus each year and certifies this amount to the Governor, the Speaker of the Senate, and the Speaker of the House.
- FY05 surplus may exceed \$100.0 million based on estimates made in January 2004.
- Net fiscal impact to state government is dependent upon the amount of any surplus in FY09 and each subsequent fiscal year thereafter.
- Net fiscal impact to local governments is dependent upon the cost of administration. This increase in local government expenditures is estimated to be less than \$100,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director